



**CITY OF SUNNYVALE
HOUSING DIVISION
BELOW MARKET RATE (BMR) – RENTAL HOUSING PROGRAM
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NOTICE – BMR-R-04/05-3

**ADMINISTRATIVE PROCEDURES FOR RENTAL HOUSING PROGRAM
REVISIONS TO PROCEDURES**

DATE: May 3, 2005

TO: Property Owners of Rental Properties, Property Managers,
Operations Managers and Leasing Managers

SUBJECT: Modifications to Below Market Rate (BMR) Rental Administrative Procedures:
Certification of Renter Eligibility, Term of Lease, Occupancy by Employees and
Changes in Occupancy, Clarification of Rental Rate Reduction and Live or Work in
Sunnyvale

Administrative Reference

Several policies and procedures to the Administrative Procedures for the Below Market Rate (BMR) Rental Program, dated August 9, 2004 are herein revised. This NOTICE acts as an interim document to provide guidance to BMR Rental Property Owners and Managers, until revised guidelines are issued.

Summary of Modifications

1. Renter Eligibility, Certification of Eligibility, and Wait List Administration

- Beginning June 30, 2005, BMR Rental Property Owners/Managers will certify the eligibility of renter applicants and assign preference points which will determine an applicant's placement on each property's Wait List.
- Renter applicants will be placed on the Wait List in order of preference points received.
- The City will audit the Wait List administration annually and review all eligibility documentation.

City staff will hold a workshop for BMR Rental Property Owners/Managers in June to describe the Certification of Eligibility form, review of acceptable documentation and how to assign points in the priority preference categories.

2. Term of Lease: Lease term of less than 12 Months is permitted

- The previous requirement for a twelve month lease is eliminated.
- Renters must be offered a lease term of 12 months; however, leases for periods less than 12 months are permitted.
- Rent increases are limited to one time in every 12-month period of occupancy.

3. Occupancy of BMR Units by Employees of the owners or property management firm

- Employees of the BMR rental property owner or property management firm may lease BMR units at sites owned or managed by their employer under the following conditions:

- (1) The employee has submitted a complete BMR Rental Program Eligibility Information Form (Form R-3), together with appropriate documentation and a \$100 Certification fee, to City staff who will confirm eligibility and assign preference points.
 - (2) The employee is placed on the property's Wait List according to the number of priority preference points assigned by City staff and offered a unit for lease according to their rank order on the list.
 - (3) No more than 25% of the BMR units at the property may be occupied by owner/manager employees.
- Existing employees residing in BMR units as of April 5, 2005 will be accommodated until they vacate the unit provided they remain eligible according to income limitations of the program.

4. Changes in Occupancy

The prohibition of adding additional occupants to a BMR lease has been modified and the policy now in effect is as follows:

The property owner/manager shall ensure that the original lessee remains in occupancy of the unit during the term of the lease. Subletting or substitution by the original lessee shall NOT be permitted. In the event that the original lessee(s) fail(s) to occupy a unit for a period in excess of 60 days, the lease shall automatically terminate and the property owner/manager shall notify all other occupants to vacate the unit within 30-days of a written notice.

If an additional occupant (roommate, family member, etc.) moves into the unit for a period in excess of 30-days, he/she is then considered part of the existing household. The BMR renter must notify the property manager. The property manager may add the additional occupant to the lease as a lessee; however, all occupants must endorse an addendum to the lease to acknowledge that they must vacate the unit upon termination of the occupancy by the primary BMR lessee(s). The entire household's income (including the new occupant) must be evaluated to determine income eligibility for program participation. The City will provide the addendum form to be used by the property owners/managers.

5. Penalties for Failure to Comply with Sunnyvale Municipal Code 19.66 and Administrative Procedures

In accordance with Council direction, Sunnyvale Municipal Code Chapter 19.66 will be amended to include financial penalties to deter abuses and to insure compliance with program guidelines. Penalty and administrative hearing guidelines will be developed over the next six months.

6. Rental Rates:

Staff has been advised that there is a misconception by some owners/managers concerning effects of reductions of BMR Rental Rates. In 2001, BMR Rental rates were increased to \$1,001, \$1,151, \$1,295 and \$1,553. These rates were calculated in accordance with the regulations in operation at that time. In 2002, these rates were maintained at these levels, as program modifications were underway. Therefore, these rates became the current maximum rental rate. The Administrative Procedures allow for a maximum of 5% increase per year, in accordance with actual market conditions. For projects constructed prior to January 2003, all rental increases would be calculated using the maximum rental rate as the base rent, even if the individual property had determined to reduce rents and charge rents below those maximum rental rates.

7. Live or Work in Sunnyvale:

Live or work in Sunnyvale is a preference category for applicants to the wait list. It is not a requirement for occupancy. Households who do not reside or work in Sunnyvale could occupy BMR Rental units if there are NO Sunnyvale residents or employees on a Wait List for occupancy of BMR units at the property.